



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
TRIMBLE COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
TRIMBLE COUNTY OFFICIALS	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	10
NOTES TO FINANCIAL STATEMENTS	12
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE	17
SCHEDULE OF OPERATING REVENUE	20
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES	27
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	37
COMMENT AND RECOMMENDATION	41
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS	



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Ray Clem, County Judge/Executive

Honorable Jack Couch, Former County Judge/Executive

Members of the Trimble County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Trimble County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Trimble County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit..

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Trimble County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Trimble County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Ray Clem, County Judge/Executive
Honorable Jack Couch, Former County Judge/Executive
Members of the Trimble County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Trimble County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present a comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$22,776, As Collateral And Entered Into A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 1999 on our consideration of Trimble County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 14, 1999

TRIMBLE COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

Ray Clem	County Judge/Executive
Perry Arnold	County Attorney
Jerry L. Powell	County Clerk
June Ginn	Circuit Court Clerk
Dennis Long	Sheriff
Keith Harmon	Jailer
Glen Perkinson	Property Valuation Administrator
Bernice Litter	County Treasurer
William Ransdell	Coroner
Norvel Barnes	Magistrate
Mike Dunaway	Magistrate
Stephen Stark	Magistrate
Richard Webster	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

TRIMBLE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:

Cash	\$ 295,870
Investments	1,862,391

Road and Bridge Fund:

Cash	328,459
Investments	158,593

Jail Fund:

Cash	3,249
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Local Government Economic Assistance Fund:

Cash	11,053
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Other Resources

General Fund:

Amounts to be Provided in Future Years for Capital Lease Obligations-Principal (Note 4)	144,500
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Total Assets and Other Resources	\$ 2,804,115
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Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Obligation-Principal Payments (Note 4)	\$ 144,500
--	------------

Fund Balances

Unreserved:

General Fund	2,158,261
Road and Bridge Fund	487,052
Jail Fund	3,249
Local Government Economic Assistance Fund	11,053

Total Liabilities and Fund Balances	\$ 2,804,115
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TRIMBLE COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	<u>Totals (Memorandum Only)</u>	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Jail Fund</u>
Schedule of Operating Revenue	\$ 1,614,706	\$ 813,964	\$ 764,972	\$ 30,065
Transfers In	140,000			110,000
Capital Lease Proceeds	148,000	148,000		
Total Cash Receipts	<u>\$ 1,902,706</u>	<u>\$ 961,964</u>	<u>\$ 764,972</u>	<u>\$ 140,065</u>
Cash Disbursements				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,067,123	\$ 1,052,745	\$ 833,497	\$ 145,526
Transfers Out	140,000	140,000		
Capital Lease: Principal Paid	3,500	3,500		
Total Cash Disbursements	<u>\$ 2,210,623</u>	<u>\$ 1,196,245</u>	<u>\$ 833,497</u>	<u>\$ 145,526</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (307,917)</u>	<u>\$ (234,281)</u>	<u>\$ (68,525)</u>	<u>\$ (5,461)</u>
Cash Balance-July 1, 1998*	<u>2,967,532</u>	<u>2,392,542</u>	<u>555,577</u>	<u>8,710</u>
Cash Balance-June 30, 1999*	<u><u>\$ 2,659,615</u></u>	<u><u>\$ 2,158,261</u></u>	<u><u>\$ 487,052</u></u>	<u><u>\$ 3,249</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

TRIMBLE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	
	<hr/>
\$ 5,705	
30,000	
	<hr/>
\$ 35,705	
	<hr/>
\$ 35,355	
	<hr/>
\$ 35,355	
	<hr/>
\$ 350	
10,703	
	<hr/>
\$ 11,053	
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TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Trimble County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Trimble County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1, 2000.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480 (1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. As of September 11, 1998, the bank balances were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bonds which named the county as beneficiary/obligee on the bonds. However, as of November 30, 1998, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$22,776 of public funds uninsured and unsecured. In addition, the county did not have a written agreement with the depository institution securing the county's interest in the collateral.

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of November 30, 1998, with deposits held at Bedford Loan & Deposit Bank.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 2,150,000
Uncollateralized and uninsured	<u>22,776</u>
Total	<u><u>\$ 2,172,776</u></u>

Note 4. Capital Lease

On December 31, 1998, the fiscal court entered into a lease agreement with the Kentucky Area Development Districts Financing Trust to borrow \$148,000 at 4.96 percent for the purchase of a fire truck for the Bedford Fire Department. The county will make semi-annual payments of varying amounts for 10 years in accordance with the contract. Principal lease payment requirements and scheduled interest for the remaining term of the contract are as follows:

<u>Fiscal Year Ended</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
June 30, 2000	\$ 12,000	\$ 7,021
June 30, 2001	12,600	6,418
June 30, 2002	13,200	5,786
June 30, 2003	13,900	5,121
June 30, 2004	14,600	4,424
Thereafter	<u>78,200</u>	<u>10,391</u>
Total	<u><u>\$ 144,500</u></u>	<u><u>\$ 39,161</u></u>

Note 5. Dog Licenses Account

The county has a dog license account that is used for the state portion of dog license fees only. The account had a zero beginning balance and receipts and disbursements of \$185 and an ending balance of \$0.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

TRIMBLE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 734,335	\$ 813,965	\$ 79,630
Road and Bridge Fund	383,558	764,972	381,414
Jail Fund	137,813	30,065	(107,748)
Local Government Economic Assistance Fund	25,197	5,705	(19,492)
Total	<u>\$ 1,280,903</u>	<u>\$ 1,614,707</u>	<u>\$ 333,804</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 1,280,903
Add: Budgeted Prior Year Surplus			<u>912,515</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,193,418</u>

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SCHEDULE OF OPERATING REVENUE

TRIMBLE COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 191,408	\$ 191,408	\$	\$
Excess Fees-1998	16,638	16,638		
County Clerk:				
Deed Transfer Tax	15,083	15,083		
Occupational Licenses	76	76		
Delinquent Taxes	728	728		
Excess Fees-1998	1,607	1,607		
Tangible Personal Property Taxes:				
Other Counties	2,556	2,556		
County Clerk	27,108	27,108		
Bank Share	16,841	16,841		
Totals	\$ 272,045	\$ 272,045	\$ 0	\$ 0

Kentucky State Treasurer

Jail:				
Allotments	\$ 24,000	\$	\$	\$ 24,000
Medical Allotments	1,806			1,806
Driving Under The Influence Fees	1,641			1,641
County Road Aid	544,890		544,890	
Truck License Distribution	161,449		161,449	
Courthouse Rental-Administrative				
Office of the Courts	29,288	29,288		
Refunds:				
Dog Licenses	95	95		
Drivers Licenses				
Election Expense Reimbursement	4,335	4,335		
Severance Taxes:				
Mineral	5,552			
Board of Assessments	150	150		

TRIMBLE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local
 Government
 Economic
 Assistance
 Fund

\$

\$ 0

\$

5,552

TRIMBLE COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
(Continued)				
Grants:				
State Grants (ADF)	\$ 11,595	\$ 11,595	\$	\$
State Surplus	20,000	20,000		
Disaster and Emergency Assistance Grant- 1997 Flood Relief	37,218		37,218	
Totals	\$ 842,019	\$ 65,463	\$ 743,557	\$ 27,447
<u>Miscellaneous Revenue</u>				
Interest	\$ 153,464	\$ 132,391	\$ 20,920	\$
Circuit Clerk:				
Court Costs	2,593			2,593
Licenses and Permits:				
Landfill License Fee	311,041	311,041		
Waste Hauler Permits	11,909	11,909		
Cable TV Franchise	5,833	5,833		
Sand and Gravel Sales	5,000	5,000		
Home Health Rent	3,750	3,750		
Miscellaneous Items	7,052	6,532	495	25
Totals	\$ 500,642	\$ 476,456	\$ 21,415	\$ 2,618
Total Operating Revenue	\$ 1,614,706	\$ 813,964	\$ 764,972	\$ 30,065

TRIMBLE COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local
 Government
 Economic
 Assistance
 Fund

\$

\$ 5,552

\$ 153

\$ 153

\$ 5,705

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

TRIMBLE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 49,533	\$ 49,533	\$
Deputy County Judge/Executive	18,105	18,105	
Office Materials and Supplies	4,590	4,590	
Travel	3,350	2,935	415
Office of County Attorney:			
County Attorney Salary-	14,162	14,162	
Office Rent	2,400	2,400	
Office of County Clerk:			
Salaries	4,433	4,433	
Fees	3,034	3,034	
Office Materials and Supplies	11,410	11,410	
Office Equipment	28,261	28,261	
Office of Sheriff:			
Salaries-			
Deputies	12,756	12,756	
Temporary/Part-Time Help	9,290	7,427	1,863
Fees	2,000	1,347	653
Bond	1,347		1,347
Materials and Supplies	2,000	1,911	89
Office of County Coroner:			
Salaries-			
County Coroner	4,972	4,972	
Deputy Coroner	1,658	1,657	1
Fiscal Court:			
Magistrates Salaries-	32,572	31,374	1,198
Fiscal Court Clerk Salary	1,730	1,586	144

TRIMBLE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Property Valuation Administrator:			
Statutory Contribution	\$ 13,250	\$ 13,250	\$
Office of Board of Assessment Appeals:			
Per Diem	300	300	
Office of County Treasurer:			
County Treasurer Salary	6,887	6,887	
County Law Library:			
Law Librarian Salary	600	600	
Elections:			
Per Diem-			
Election Commissioners	2,085	2,085	
Election Officers	7,654	7,654	
Polling Places	800	600	200
Printing	6,430	6,430	
Miscellaneous Expense	2,395	2,395	
Courthouse:			
Janitor Salary	12,173	12,173	
Utilities	23,528	23,528	
Repairs	6,000	4,166	1,834
Materials and Supplies	10,603	10,590	13
Miscellaneous	4,588	3,240	1,348
<u>Protection to Persons and Property</u>			
County Fire Department:			
Contributions-			
Bedford Fire Department	176,814	176,784	30
Milton Fire Department	33,977	33,977	

TRIMBLE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Disaster and Emergency Services:			
Director Salary	\$ 2,758	\$ 2,757	\$ 1
Dispatch Service	43,552	41,087	2,465
Forestry Fire Protection:			
Kentucky State Treasurer	1,200	1,034	166
Office of Public Defender:			
Contribution	761	761	
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries	5,482	5,482	
Miscellaneous	6,329	6,329	
Sanitary Landfill:			
Salaries	29,728	29,728	
Solid Waste Implementation	22,186	21,431	755
<u>Social Services</u>			
Senior Citizens Program:			
Architects Services	15,595	12,108	3,487
Seniors Recreation Building	271,110	270,409	701
<u>Recreation and Culture</u>			
Parks:			
Salaries	8,831	8,831	
Buildings and Construction	23,600	23,101	499

TRIMBLE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
Advertising	\$ 3,338	\$ 3,338	\$
Audit Services	10,261	10,261	
Insurance	13,137	13,137	
Memberships	7,230	7,229	1
Contingent Appropriations:			
Reserve for Transfers	456		456
Fringe Benefits:			
County Contributions-			
Social Security	30,460	30,460	
Retirement	30,000	29,925	75
Health Insurance	25,000	23,889	1,111
Worker's Compensation	4,159	4,159	
Unemployment Insurance	1,000	737	263
Total Operating Budget	\$ 1,071,860	\$ 1,052,745	\$ 19,115
Other Financing Uses:			
*Capital Lease:			
Principal Payment	3,500	3,500	
Total General Fund	\$ 1,075,360	\$ 1,056,245	\$ 19,115
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
Fiscal Court:			
Magistrates Salaries	\$ 18,214	\$ 17,454	\$ 760

TRIMBLE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u>			
Road Maintenance:			
Salaries-			
Road Foreman	\$ 41,720	\$ 41,693	\$ 27
Road Labor	89,559	89,559	
Asphalt	346,807	308,675	38,132
Culverts and Bridges	196,494	196,494	
Crushed Stone and Gravel	71,100	53,775	17,325
Gasoline & Diesel	15,000	8,286	6,714
Machinery and Equipment-			
Repairs	36,093	36,093	
New Road Machinery	26,876	15,283	11,593
Utilities	6,300	4,609	1,691
Other Materials and Supplies	16,000	8,902	7,098
Miscellaneous	1,114		1,114
<u>Administration</u>			
General Services:			
Audit Services	6,000	1,169	4,831
Insurance	22,000	11,512	10,488
Fringe Benefits:			
County Contributions-			
Retirement	12,000	10,933	1,067
Social Security	11,020	10,816	204
Health Insurance	16,000	13,726	2,274
Worker's Compensation	5,838	4,159	1,679
Unemployment Insurance	1,000	359	641
Total Road and Bridge Fund	<u>\$ 939,135</u>	<u>\$ 833,497</u>	<u>\$ 105,638</u>

TRIMBLE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 18,208	\$ 18,208	\$
Jail Personnel	15,446	15,446	
Association Dues	100	50	50
Staff Training	151	65	86
Operations-			
Communications Equipment	457	457	
Routine Medical	14,500	14,408	92
Staff Uniforms	666	666	
Staff Travel	500	381	119
Telephone	550	550	
Equipment Repair	500	460	40
Food	50		50
Housing Prisoners-Other Counties	84,403	84,403	
Miscellaneous Operating Expense	600	215	385
Juvenile Detention:			
Contract With Outside Agencies	5,005	5,005	
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	175		175
Fringe Benefits:			
County Contributions-			
Retirement	2,766	2,766	
Social Security	2,446	2,446	
Total Jail Fund	<u>\$ 146,523</u>	<u>\$ 145,526</u>	<u>\$ 997</u>

TRIMBLE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>General Government</u>			
Office of Coroner:			
Autopsies	\$ 2,139	\$ 2,139	\$
<u>General Health and Sanitation</u>			
Soil and Water Conservation:			
Contributions	3,500	3,500	
<u>Social Services</u>			
Senior Citizens:			
Contributions	3,600	3,300	300
<u>Recreation and Culture</u>			
Parks:			
Supplies	6,597	6,597	
Repairs	14,127	14,127	
Utilities	5,692	5,692	
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	245		245
Total Local Government Economic Assistance Fund	\$ 35,900	\$ 35,355	\$ 545
Total Operating Budget-All Funds	\$ 2,193,418	\$ 2,067,123	\$ 126,295
Other Financing Uses:			
*Capital Lease:			
Principal Payment	3,500	3,500	
TOTAL BUDGET-ALL FUNDS	\$ 2,196,918	\$ 2,070,623	\$ 126,295

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Ray Clem, County Judge/Executive
Honorable Jack Couch, Former County Judge/Executive
Members of the Trimble County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Trimble County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Trimble County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trimble County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Ray Clem, County Judge/Executive
Honorable Jack Couch, Former County Judge/Executive
Members of the Trimble County Fiscal Court
Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 14, 1999

COMMENT AND RECOMMENDATION

TRIMBLE COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1999

NONCOMPLIANCES

The County Should Have Required Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

On November 30, 1998, \$22,776 of the county's deposits of public funds were uninsured and unsecured. According to KRS 66.480 (1)(d) and KRS 41.240(4), financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the or exceeds the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation FDIC. The county should require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times. We also recommend the county enter into a written agreement with the depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823 (e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

Both the county treasurer and judge/executive will monitor bank's securities to ensure county funds are adequately protected. Collateral agreements will be signed by all parties as recommended by auditors.

PRIOR YEAR FINDING

The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$307,943 As Collateral And Entered Into A Written Agreement To Protect Deposits

The county's deposits were not adequately secured by \$307,943 as of June 30, 1998. Under provisions of KRS 66.480(1)(d) and KRS 41.240(4), banks are required to provide pledges of securities for interest-bearing and noninterest-bearing deposits if either exceeds the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation. The county should require the depository institution to pledge sufficient securities as collateral to insure deposits at all times. We also recommend the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

TRIMBLE COUNTY
COMMENT AND RECOMMENDATION
Fiscal Year Ended June 30, 1999
(Continued)

PRIOR YEAR FINDING (Continued)

Former Management's Response:

I am providing the July 1998 Pledge Inventory Report for the purpose of the FY 97-98 Trimble County Audit.

In June of 1998, I asked the President of the Farmers Bank of Milton to increase our Pledge of Securities. An additional \$305,000 was pledged effective July 10, 1998 as the July 1998 Pledge Inventory reflects. I ask that this be mentioned in the Audit Report for the Trimble County FY 97-98 Audit. This amount with the existing pledged amount coupled with the FDIC coverage adequately secured all Trimble County Funds.

Current Management's Response:

County Attorney is currently working with local banks to secure sufficient securities.

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

TRIMBLE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

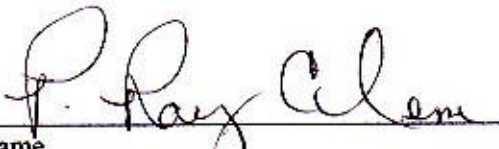
Appendix A

CERTIFICATION OF COMPLIANCE

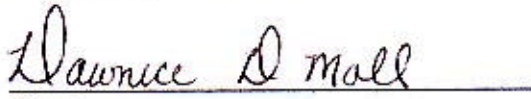
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

TRIMBLE COUNTY FISCAL COURT

The Trimble County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer